

**BACHELOR OF ACCOUNTING AND FINANCE**

**FYBAF**

**SEMESTER I**

**COST ACCOUNTING I**

**SAMPLE QUESTIONS**

- 1) Overtime is a \_\_\_\_\_.
  - a) Actual hours being more than normal time
  - b) Actual hours being more than standard time
  - c) Standard hours being more than standard hours
  - d) Actual hours being less than standard time
- 2) Time booking refers to \_\_\_\_\_.
  - a) Time spent by workers on their job
  - b) Time spent by workers in the factory
  - c) Time spent by workers without work
  - d) Time spent by workers off their jobs
- 3) Difference between attendance time and job time is \_\_\_\_\_.
  - a) Standard Time
  - b) Overtime
  - c) Actual Time
  - d) Idle Time
- 4) Piece workers are paid on the basis of \_\_\_\_\_.
  - a) Output sold
  - b) Output produced
  - c) Output in stock
  - d) Input received
- 5) Time wages are paid on the basis of \_\_\_\_\_.
  - a) Actual time
  - b) Standard time
  - c) Time saved
  - d) Overtime
- 6) Differential piece wage means \_\_\_\_\_.
  - a) Different Wages for different level of performance
  - b) Different Wages for different time consumed
  - c) Different Wages for different types of workers
  - d) Different Wages for different types of industries
- 7) For calculation of labor turnover under separation method \_\_\_\_\_.
  - a) Only the number of employees left from the organization is considered
  - b) Only the number of employees replaced is considered
  - c) Only the number of employees retrenched is considered
  - d) Only the number of employees who are new to the organization is considered
- 8) The cost which is incurred to prevent the labor turnover is \_\_\_\_\_.
  - a) Management cost
  - b) Replacement cost
  - c) Preventive cost
  - d) Compensation cost

- 9) Normal Idle time \_\_\_\_\_.  
a) Can be avoided  
b) Cannot be avoided  
c) Can be minimized  
d) Can be controlled
- 10) An employee is eligible for getting overtime wage if he/she works for more than \_\_\_\_\_.  
a) 6 hours a day  
b) 8 hours a day  
c) 9 hours a day  
d) 4 hours a day
- 11) In which of the following incentive plans of wage payment, wages on time basis are not guaranteed?  
a) Halsey Plan  
b) Rowan Plan  
c) Taylor's Differential Piece Plan  
d) Gantt's Task and Bonus System
- 12) Under the high wage rate plan, a worker is paid \_\_\_\_\_.  
a) At the time rate higher than the usual rate.  
b) According to his efficiency  
c) At a double rate for overtime.  
d) Normal Wages plus bonus
- 13) Which of the following methods of wage payment is most suitable where quality and accuracy of work is of primary importance?  
a) Piece Rate System  
b) Time Rate System  
c) Differential Piece work system  
d) Halsey Premium Plan
- 14) Cost of idle time arising due to non-availability of raw materials is \_\_\_\_\_.  
a) Charged to Costing Profit & Loss A/c  
b) Charged to Overhead Costs  
c) Charged to Respective Jobs  
d) Ignored
- 15) When overtime is required for meeting urgent orders, overtime premium should be \_\_\_\_\_.  
a) Charged to Costing Profit & Loss A/c  
b) Charged to overhead costs  
c) Charged to respective jobs  
d) Ignored.
- 16) Wage sheet is prepared by \_\_\_\_\_.  
a) Time Keeping Department  
b) Personnel Department  
c) Payroll Department  
d) Engineering Department
- 17) Time and Motion study is conducted by the \_\_\_\_\_.  
a) Time Keeping Department

- b) Personnel Department
  - c) Payroll Department
  - d) Engineering Department
- 18) Labor turnover is \_\_\_\_\_.
- a) Productivity of Labor
  - b) Efficiency of Labor
  - c) Change in Labor Force
  - d) Total Cost of the labor
- 19) Time study is for \_\_\_\_\_.
- a) Measurement of Work
  - b) Fixation of standard time
  - c) Ascertainment of actual hours
  - d) Ascertainment of labor cost
- 20) Idle time is \_\_\_\_\_.
- a) Time spent by workers in factory
  - b) Time spent by workers in office
  - c) Time Spent by workers off their work
  - d) Time Spent by workers on their job
- 21) Under Emerson' Efficiency System, no bonus is payable when efficiency is up to \_\_\_\_\_.
- a) 50%
  - b) 66 2/3%
  - c) 83 1/3%
  - d) 100%
- 22) \_\_\_\_\_ means keeping a record of the absence of the workers and the time spent by them in actual work, idle time, overtime etc.
- a) Time Booking
  - b) Time Keeping
  - c) Time Spending
  - d) Time Allocating
- 23) \_\_\_\_\_ means the recording of the time spend by a worker in different jobs during his attendance at the factory.
- a) Time Booking
  - b) Time Keeping
  - c) Time Spending
  - d) Time Allocating
- 24) Time booking is basically performed by preparing a \_\_\_\_\_ card.
- a) Job
  - b) Bin
  - c) Service
  - d) Employee
- 25) \_\_\_\_\_ card is a record of the work done by a worker, indicating the jobs done by him and the time spent against each job.
- a) Bin
  - b) Job
  - c) Service

- d) Employee
- 26) \_\_\_\_\_ is the time spent beyond the normal working hours which is usually paid at a higher rate than the normal time rate.
- a) Idle Time
  - b) Overtime
  - c) Work time
  - d) Leisure Time
- 27) \_\_\_\_\_ time is the difference between the time for which the employees are paid and the employees time booked against the cost object.
- a) Idle Time
  - b) Overtime
  - c) Work time
  - d) Leisure Time
- 28) Labor Efficiency (%) = (Time allotted as per standard / Time \_\_\_\_\_) \* 100
- a) Allotted
  - b) Ascertained
  - c) Taken
  - d) Altered
- 29) \_\_\_\_\_ System is suitable in the case of quality control.
- a) Time Rate
  - b) Wage Rate
  - c) Labor Rate
  - d) Material Rate
- 30) \_\_\_\_\_ System is suitable if the output depends upon team work.
- a) Time Rate
  - b) Piece Rate
  - c) Wage Rate
  - d) Labor Rate
- 31) Labor productivity cannot be measured by comparing \_\_\_\_\_.
- a) Actual time with standard time
  - b) Total output with total man hours
  - c) Added value for the product with total wage cost
  - d) Total wage and Total output
- 32) Halsey Premium Plan is \_\_\_\_\_.
- a) Individual Incentive Plan
  - b) Group Incentive Plan
  - c) Time and Piece Wage System
  - d) Differential Piece Wage System
- 33) The number of the methods available for calculation of labor turnover is \_\_\_\_\_.
- a) Two
  - b) Three
  - c) Four
  - d) Five
- 34) Merrick's multiple piece rate system has \_\_\_\_\_.
- a) Two Rates
  - b) Three Rates

- c) Four Rates
  - d) Five Rates
- 35) How many rates are used to calculate wages under Taylor's differential piece rate system?
- a) Two
  - b) Three
  - c) Four
  - d) Five
- 36) When time saved is more than 40% of the standard time, Halsey plan allows \_\_\_\_\_.
- a) More wages than Rowan Plan
  - b) Less wages than Rowan Plan
  - c) Equal wages as compared to Rowan Plan
  - d) 20% less wages than Rowan Plan
- 37) Wages under Rowan and Halsey plan are exactly when time saved is \_\_\_\_\_.
- a) NIL
  - b) 50% of standard time
  - c) 20% of standard time
  - d) 10% of standard time
- 38) Under Gantt's Task and bonus plan no bonus is payable to a worker if his efficiency is less than \_\_\_\_\_.
- a) 50%
  - b) 60%
  - c) 83.5%
  - d) 100%
- 39) Bonus under Halsey Plan is paid \_\_\_\_\_.
- a) At 50% of time saved
  - b) At 75% of time saved
  - c) At 80% of time saved
  - d) At 90% of time saved
- 40) Overtime premium is paid \_\_\_\_\_.
- a) At normal rate
  - b) Below the normal rate
  - c) At 50% of the normal rate
  - d) At double the normal rate
- 41) When the amount of overhead absorbed is less than the amount of overhead incurred, it is called \_\_\_\_\_.
- a) Under absorption of overheads
  - b) Over absorption of overheads
  - c) Proper absorption of overheads
  - d) No absorption of overheads
- 42) Bad Debts is an example of \_\_\_\_\_.
- a) Production Overheads
  - b) Administration Overheads
  - c) Selling Overheads
  - d) Distribution Overheads

- 43) Which of the following is a scientific and accurate method of absorption of factory overheads?
- a) Percentage on prime cost
  - b) Percentage on direct labor cost
  - c) Machine hour rate
  - d) Labor Rate
- 44) Warehouse expenses is an example of \_\_\_\_\_.
- a) Production Overheads
  - b) Selling Overheads
  - c) Distribution Overheads
  - d) Manufacturing Overheads
- 45) The least suitable basis for applying overhead is \_\_\_\_\_.
- a) Materials Consumed
  - b) Direct Labor Cost
  - c) Direct Labor Hours
  - d) Machine Hours
- 46) Which of the following is referred to as primary distribution of overheads?
- a) Reappointing service department overheads to other service departments
  - b) Reappointing production department overheads to other production department
  - c) Apportioning and allocating overheads to all departments on a suitable basis
  - d) Reappointing service department overheads to production cost
- 47) Expenses such as rent and depreciation of a building shared by several departments are \_\_\_\_\_.
- a) Indirect Expenses
  - b) Direct Expenses
  - c) Joint Expenses
  - d) Allocable Expenses
- 48) Overhead expenses can not be classified according to \_\_\_\_\_.
- a) Functions
  - b) Elements
  - c) Behavior
  - d) Purpose
- 49) The distribution of overheads allotted to a particular department or cost centers over the units produced is called \_\_\_\_\_.
- a) Allocation
  - b) Apportionment
  - c) Absorption
  - d) Departmentalization
- 50) If an item of overhead expenditure is charged specifically to a single department this would be an example of \_\_\_\_\_.
- a) Allocation
  - b) Apportionment
  - c) Re Apportionment
  - d) Absorption
- 51) Under \_\_\_\_\_ rate system, worker assured of a steady and regular income.

- a) Time
  - b) Piece
  - c) Wage
  - d) Labor
- 52) \_\_\_\_\_ rate system treats both efficient and inefficient workers equally.
- a) Piece
  - b) Wage
  - c) Labor
  - d) Time
- 53) The allotment of whole items of cost-to-cost centers or cost units is called \_\_\_\_\_.
- a) Cost Allocation
  - b) Cost Apportionment
  - c) Overheads Absorption
  - d) Overhead Allocation
- 54) Packing cost is a \_\_\_\_\_.
- a) Production Cost
  - b) Marginal Cost
  - c) Fixed Cost
  - d) Variable Cost
- 55) Director's remuneration and expenses form a part of \_\_\_\_\_.
- a) Production Overhead
  - b) Administration Overhead
  - c) Selling Overhead
  - d) Distribution Overhead
- 56) Salary of a foreman should be classified as \_\_\_\_\_.
- a) Fixed Overheads
  - b) Variable Overheads
  - c) Semi Fixed Overheads or Semi Variable Overheads
  - d) Production Overheads
- 57) Charging to a cost center those overheads that result solely from the existence of that center is known as \_\_\_\_\_.
- a) Allocation
  - b) Apportionment
  - c) Absorption
  - d) Allotment
- 58) Absorption means \_\_\_\_\_.
- a) Charging overheads to cost centers
  - b) Charging overheads to cost units
  - c) Charging of overheads to cost centers or cost units
  - d) Charging of overheads to cost allocation
- 59) Which method of absorption of factory overheads do you suggest in a concern which produces only one uniform item of a product?
- a) Percentage of direct wages basis
  - b) Direct labor hour rate
  - c) Machine hour rate
  - d) A rate per unit of output

- 60) When the amount of under or over absorption is significant, it should be disposed of by \_\_\_\_\_.  
a) Transferring to Costing Profit and Loss A/c  
b) The use of supplementary rates  
c) Carrying over as a deferred charge to the next accounting year  
d) Dumping
- 61) Selling and Distribution overheads does not include \_\_\_\_\_.  
a) Cost of warehousing  
b) Replacement cost  
c) Transportation cost  
d) Demurrage charges
- 62) Advertisement affects the \_\_\_\_\_.  
a) Total Cost  
b) Sale Value  
c) Production  
d) Labor
- 63) Credit and Collection is based on \_\_\_\_\_.  
a) No. of units produced  
b) No. of units lost  
c) No. of units ordered  
d) No. of units scrapped
- 64) Warehouse Rent is allocable to \_\_\_\_\_.  
a) Materials Utilized  
b) Per Unit Labor  
c) Floor Area Occupied  
d) Total Area used
- 65) \_\_\_\_\_ is directly allocable to costing P & L A/c  
a) Royalties  
b) Labor  
c) Materials  
d) Salaries
- 66) \_\_\_\_\_ overheads are a percentage of cash collection.  
a) Rebate  
b) Cash Discount  
c) Bad Debts  
d) Losses
- 67) \_\_\_\_\_ secures the value of goods in transit.  
a) Transit Insurance  
b) General Insurance  
c) Corporate Insurance  
d) Third Party Insurance
- 68) Plant Depreciation affects the \_\_\_\_\_.  
a) General P & L  
b) Liabilities  
c) Asset Value  
d) Trading A/c



- 69) Number of requisitions handled allocates \_\_\_\_\_.  
 a) Plant & Machinery  
 b) Production  
 c) Labor and Unions  
 d) Rent & Rates
- 70) Measures of Fire Prevention in stores is done in order to safeguard \_\_\_\_\_.  
 a) Value of Sales  
 b) Value of Business  
 c) Value of Stock  
 d) Value of Goodwill
- 71) Cost of Material consumed = Opening Stock + \_\_\_\_\_ - Closing Stock  
 a) Purchases  
 b) Sales  
 c) COGS  
 d) Goodwill
- 72) Calculate Average Inventory if Opening stock is Rs. 20,000 and Closing stock is Rs. 12,000.  
 a) Rs. 12,000  
 b) Rs. 16,000  
 c) Rs. 18,000  
 d) Rs. 20,000
- 73) Stock Turnover Ratio = \_\_\_\_\_ / Average Stock  
 a) Cost of Sales  
 b) Cost of Materials Consumed  
 c) Cost of Overheads  
 d) Cost of Goods Purchased
- 74) Minimum Wages Act was enacted in the year \_\_\_\_\_.  
 a) 1956  
 b) 1952  
 c) 1948  
 d) 1985
- 75) The Payment of Bonus Act, came into effect in the year \_\_\_\_\_.  
 a) 1921  
 b) 1960  
 c) 1965  
 d) 1970
- 76) The Provident Fund and Miscellaneous Expenditure Act came into force in \_\_\_\_\_.  
 a) 1950  
 b) 1952  
 c) 1954  
 d) 1956
- 77) Overtime Rate = Normal Rate of Wages + \_\_\_\_\_.  
 a) Nominal Rate of Wages  
 b) Limited Rate of Wages  
 c) Extra Rate of Wages  
 d) Idle Time Wages

- 78) Allocation of Overheads is stated in \_\_\_\_\_.  
a) CAS 2  
b) CAS 3  
c) CAS 6  
d) CAS 9
- 79) Selling and Distribution Overheads are covered under \_\_\_\_\_.  
a) CAS 15  
b) CAS 12  
c) CAS 27  
d) CAS 10
- 80) CAS 12 covers \_\_\_\_\_.  
a) Overheads Costs  
b) Materials Costs  
c) Selling Costs  
d) Repairs and Maintenance Costs
- 81) Which of the following costs is not a factory overhead expense?  
a) Depreciation of equipment used in the research department  
b) Salary of quality control inspector  
c) Overtime premium paid to direct labor  
d) Machine maintenance cost
- 82) Which of the following bases would be appropriate to apportion the cost of electric power to factory departments?  
a) Number of outlet points  
b) Amount metered out  
c) Cubic capacity of premises  
d) Kilowatt capacity of machines in departments
- 83) Which of the following is not a means whereby factory overheads can be charged out to production?  
a) Direct Labor Rate  
b) Overtime Rate  
c) Machine Hour Rate  
d) Blanket Rate
- 84) Which of the following bases is not appropriate for apportionment of Transport Department's cost?  
a) Crane Hours  
b) Crane Value  
c) Truck Mileage  
d) Truck Value
- 85) A typically factory overhead cost is \_\_\_\_\_.  
a) Distribution  
b) Internal Audit  
c) Compensation of Plant Manager  
d) Design
- 86) In which of the following center factory overheads cost is not incurred?  
a) Production Center  
b) Service Center

- c) General Cost Center
  - d) Head Office
- 87) Which of the following cannot be used as a base for the determination of overhead absorption rate?
- a) Number of Units Produced
  - b) Prime Cost
  - c) Conversion Cost
  - d) Discount Allowed
- 88) Production Overheads absorption rate is calculated by the way of \_\_\_\_\_.
- a)  $\text{Estimated Production OH Cost} / \text{Direct Labor hours}$
  - b)  $\text{Estimated Labor OH Cost} / \text{Direct Labor hours}$
  - c)  $\text{Estimated Sales OH Cost} / \text{Direct Production hours}$
  - d)  $\text{Estimated Production OH cost} / \text{Total Hours Idle}$
- 89) If the item of the overhead expenditure is was not charged specifically to a single department this would be an example of \_\_\_\_\_.
- a) Apportionment
  - b) Allocation
  - c) Re Apportionment
  - d) Absorption
- 90) Which of the following is not an example of marketing overheads?
- a) Salary of the foreman
  - b) Publicity Expenses
  - c) Salaries of sales staff
  - d) Secondary packing charges